



CITY OF BRIDGES ...RIVER OF OPPORTUNITY

June 29, 2011

Ms. Michelle Mc Enany, Director
Office of Public Transit
Iowa Department of Transportation
800 Lincoln Way
Ames, IA 50010

Re: City of Ottumwa and 10-15 Transit Services

Dear Ms. Mc Enany:

The City of Ottumwa has taken over the Ottumwa Transit Service and is committed to provide a quality service. We want to re-organize the local transit service into one of the best operations in Iowa. The City Council has approved a contract with Bob Bourne to redesign the bus routes, and assist in implementing best practices for our transit operations. With 26 years of local government management, I have a reputation of managing "A" rated services and I expect no less for the transit service.

The City of Ottumwa believes that the Ottumwa Transit Service and 10-15 Transit are in full compliance with state and federal rules. The "Redball" and *PTYCNMCA* routes have been dropped from the OTA schedule. See the enclosed route information. City officials and staff will continue to ask for clarification on transportation services that we will be providing.

The City of Ottumwa is willing to accept the consequences of the overstatement of ridership numbers and the former Ottumwa Transit Authority's responsibility for the numbers. We agree that we owe the state government \$168,846 for the Ottumwa Transit Authority. 10-15 Transit understands its responsibility for unlawful charters booked by the former Ottumwa Transit Authority. It agrees that it owes the state government \$211,250 because it received more funds than it was due.

We are proposing that Iowa DOT keep 50% of the amount OTA owes the state and federal government, which is \$84,423 and the remaining \$84,423 be paid back to the state in 24 equal monthly payments of \$3,517.63. The City will send a check each month until the amount is paid in full. Payments would start July 1, 2011. The \$84,423 would come from monies that the state has already withheld. The amount that the Iowa DOT would return to the City for transit is \$175,528.37.

City of Ottumwa
105 East Third Street. Ottumwa, Iowa 52501
Telephone 641-683-0600 Fax 641-683-0613



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We are also proposing that the state and federal government keep 50% of the amount 10-15 owes the state and federal government, which is \$105,625 and the remaining \$105,625 be paid back to the state in 24 equal monthly payments of \$4,401.04. 10-15 will send a check each month until the amount is paid in full. Payments would also start July 1, 2011. The \$105,625 would come from monies that the state has already withheld. The amount that the Iowa DOT would return to 10-15 Transit is \$13,735.75.

We would like written confirmation from the state that this is the settlement for correcting all funding issues for the period from July 1, 2006 through June 30, 2011, and that no further investigation will be made regarding those contract awards. We do acknowledge that there are also potential fines for possible violations of FTA's charter and school bus regulations. Enclosed herewith please find a proposed settlement Agreement and Release confirming this letter. Please sign and return the Release as soon as possible.

I appreciate your assistance over the past weeks as the City of Ottumwa has assumed the role of direct management of the transit service. Your recommendation to hire Mr. Bourne was very helpful and I look forward to making great improvement with his assistance. We are very dependent upon receiving the rest of the state and federal transit funding in order to provide this service. We welcome any further suggestions for improvement and will keep you fully informed as we implement a re-organization of the transit operations with Mr. Bourne's assistance.

Sincerely,

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Mayor

Dale Taylor
10-15 Transit Chair

Joseph Helfenberger
City Administrator

Enclosures

Cc.: Ottumwa City Council members
Ottumwa City Attorney Joni Keith
Interim Transit Director Mark Hagist
Ottumwa Finance Director Robert Jay
Gayla Harrison, Transit Consulting Attorney
Myron Gookin, 10-15 Attorney

City of Ottumwa

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**SETTLEMENT AGREEMENT
AND RELEASE**

FOR THE SOLE CONSIDERATION OF a payment in the amount of Three Hundred eighty thousand ninety-six Dollars, (\$380,096.00), the undersigned, the Iowa Department of Transportation, does hereby release, acquit and forever discharge the Ottumwa Transit Authority, the City of Ottumwa, Iowa, and Ten-Fifteen Regional Transit Agency (10-15 Transit), together with, as appropriate its past and present officers, directors, employees, related and affiliated entities, successors, agents, heirs, assigns and insurers, and all other persons, firms and corporations, from any and all liability whatsoever, including all civil claims, demands, and causes of action of every nature affecting the Ottumwa Transit Authority, the City of Ottumwa, Iowa, and Ten-Fifteen Regional Transit Agency (10-15 Transit), which the Iowa Department of Transportation has, may have, or ever claim to have by reason of any contract requirements, overstated ridership, illegal charters or any other alleged violations of state and federal transit regulations for the period of July **1,2006** through and including June 30, 2011. The Release specifically excludes any charter fines or penalties assessed by the Federal Transit Administration.

Payment shall occur as follows:

The Ottumwa Transit Authority and the City of Ottumwa, Iowa, acknowledge that it owes the Iowa Department of Transportation the sum of \$168,846. The Iowa Department of Transportation is currently holding the total sum of \$259,951.37 for Fiscal Year 2011 funding owed to the Ottumwa Transit Authority. The State of Iowa will distribute to the City of Ottumwa, Iowa, on behalf of the Ottumwa Transit Authority, the sum of \$175,528.37. The balance due the State of Iowa in the amount of \$84,423 shall be paid to the State of Iowa in 24 payments of \$3,517.63 per month until paid in full. This covers all moneys due the State of Iowa as a result of a five-year investigation of transit operations covering the period through June 30, 2011, with the exception of those fines/penalties that may be assessed by the Federal Transit Administration. The first payment will be made on July 1, 2011, or upon receipt of the executed Release, whichever is later.

The Ten-Fifteen Regional Transit Agency (10-15 Transit) and the City of Ottumwa, Iowa, acknowledge that 10-15 Transit owes the Iowa Department of Transportation the sum of \$211,250. The Iowa Department of Transportation is currently holding the total sum of \$119,360.75 for Fiscal Year 2011 funding owed to 10-15 Transit. The State of Iowa will distribute to the City of Ottumwa, Iowa, on behalf of 10-15 Transit, the acting administrator for 10-15 Transit, the sum of \$13,735.75. The balance due the State of Iowa in the amount of \$105,625.04 shall be paid back in 24 payments of \$4,401.04 until paid in full. This covers all moneys due the State of Iowa as a result of a five-year investigation of transit operations covering the period through June 30, 2011, with the exception of those fines/penalties that may be due the Federal Transit Administration. The first payment will be made on July 1, 2011, or upon receipt of the executed Release, whichever is later.

As further consideration of said payment, we hereby represent, warrant and agree:

- I. That this Release covers all damages, whether known or not, and which may hereafter appear or develop arising from or in any way connected with the matter(s) above referred to and the claims, demands, and causes of action hereby released and discharged.
2. That the above sum is all that the State of Iowa Department of Transportation will receive for its claim(s), and no promise for any other or further consideration has been made by anyone.
3. That this Release is executed as a compromise settlement of a disputed claim, liability for which is expressly denied by the parties released, and the payment of the above sum does not constitute an admission of liability on the part of any person or entity.
4. That the State of Iowa Department of Transportation is executing this Release solely in reliance upon its own knowledge, belief and judgment and not upon any representations made by any party released or others on their behalf.
5. That the undersigned is authorized to execute this Release and bind the Iowa Department of Transportation regarding the matters released.

WE HAVE READ THE FOREGOING RELEASE, UNDERSTAND ITS TERMS AND FREELY AND VOLUNTARILY SIGN THE SAME.

DATED this ____

Iowa Department of Transportation

Michelle McEnany, Director
Office of Public Transit
Iowa Department of Transportation

Witnesses: